

February 15, 2008

**2008 MULTIDISTRICT PROJECT SOLICITATION**

**THE CARL MOYER MEMORIAL  
AIR QUALITY STANDARDS ATTAINMENT PROGRAM**

California Air Resources Board  
February 15, 2008

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## **I. BACKGROUND**

Although they comprise a small percentage of all mobile and portable engines in California, diesel engines produce approximately 50 percent of the emissions of oxides of nitrogen (NOx) in addition to combustion-generated particulate matter (PM) from such engines. NOx is a constituent of smog and PM is linked to a wide range of serious health problems. Diesel PM has also been classified as a toxic air contaminant capable of causing cancer. Over time these emissions are decreasing as older diesel engines are retired and replaced with newer models meeting more stringent emission standards. However, the turnover rate for diesel engines is slow so the full benefits of cleaner technologies will not be realized for decades. The Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) helps address this problem by providing monetary incentives to encourage owners of heavy-duty diesel engines to reduce emissions by replacing their engines with cleaner models or retrofitting with low-emitting technologies.

Over its first seven years, the Carl Moyer Program provided \$170 million to clean up approximately 7,500 engines throughout California. This achieved emission reductions of about 24 tons per day of oxides of nitrogen and one ton per day of toxic diesel particulate matter. Legislative changes in 2004 provided continued funding for the Carl Moyer Program up to \$141 million per year Statewide through 2015. While the legislative focus of the Carl Moyer Program has been on achieving reductions of criteria and toxic pollutants, the program has a beneficial impact on greenhouse gas emissions as well - especially by funding hybrid and electric projects.

Although the Air Resources Board (ARB) is responsible for developing the Carl Moyer Program Guidelines, it is the participating air pollution control districts and air quality management districts (air districts) that actually administer the program. Most air districts require all or most of the project's operation to take place within their district boundaries so the benefits accrue locally. Consequently, many worthwhile eligible projects have difficulty getting funded because they operate in more than one air district.

Section 44286 of the Health and Safety Code directs ARB to provide for such multidistrict projects. In accordance with this section, ARB may earmark up to ten percent of the program's funding for multidistrict projects. This solicitation seeks projects that qualify for this multidistrict funding: projects that operate in more than one air district or that impact air quality in more than one air district as a result of air pollutant transport.

## **II. ELIGIBLE PROJECTS**

The 2008 Multidistrict Project Solicitation is directed at providing monetary grants to offset the incremental cost of reduced emission technologies **only** in the following project categories:

- Goods movement projects (See section III: 1B Bond and Carl Moyer Program Interaction):
  - marine vessels and locomotives
  - off-road equipment permanently located at a maritime port or rail yard, and
  - on-road heavy-duty vehicles that transport cargo to and from a maritime port or rail yard (at least 400 annual trips to a port or rail yard);
- Off-road construction equipment and mobile agricultural equipment that operate in more than one air district;
  - Of particular relevance is a regulation intended to reduce diesel PM emissions from in-use (existing) off-road vehicles in California. Such vehicles are used in construction, mining, and industrial operations. *The in-use off-road vehicle regulation is currently scheduled for implementation in May 2008 and funding opportunities for off-road projects are extremely limited.*
- PM retrofit devices that also get NO<sub>x</sub> reductions for on-road heavy-duty vehicles that operate in more than one air district;
- Idle reduction technologies for any model year on-road heavy-duty vehicles operating in more than one air district, or Level 3 PM retrofit for an APU equipped with a certified engine and installed in a 2006 model year or older on-road heavy-duty vehicle operating in more than one air district;
- Level 3 PM retrofit or alternative technologies for transport refrigeration units (TRU) on vehicles or equipment operating in more than one air district.

The project categories listed above represent the typical multidistrict projects, similar to previous years' multidistrict solicitations.

Except for marine vessel projects, 75 percent of all fuel consumed or miles traveled must occur within California during the life of the project. ARB could waive this requirement, if necessary, on a case-by-case basis. Eligible engines for vehicles and equipment must be rated at 25 horsepower or greater, except for engines used in APUs and TRUs. All projects must provide at least three years of emission reductions that are surplus to all applicable rules, regulations and requirements. This includes, but is not limited to, in-use fleet rules affecting cargo handling equipment, TRUs, auxiliary power units used when trucks idle, and off-road vehicles/equipment. Regulations for these source categories are either already in effect or are being considered by the ARB.

### **III. 1B BOND AND CARL MOYER PROGRAM INTERACTION**

The Carl Moyer Program has worked closely with the Goods Movement Emission Reduction Program, a bond program created by voter-approved Proposition 1B in 2006 and it covers some of the same sources as the Carl Moyer Program. With the adoption of new regulations and the development of the 2008 Carl Moyer Program Guidelines, some projects are no longer eligible for funding with the Carl Moyer Program; however, there is 1B Bond funds available for these

projects. Projects eligible for the \$1 billion Goods Movement Emission Reduction bond program are strongly discouraged and will be ranked to a lesser degree.

**The 2008 Goods Movement Emission Reduction Program Guideline requirements for the 1B Bond is subject to change pending Board approval on February 28, 2008.**

Projects that are affected by the 1B Bond and Carl Moyer Program Interaction are described below:

- On-Road Projects:
  - The ARB adopted the fleet rule for in-use heavy-duty diesel-fueled vehicles that operate at port and intermodal rail yards in December 2007. Because of compliance requirements, there are limited opportunities available for port and drayage trucks and for minimal grant amounts. Projects may be available and considered on a case-by-case basis. Proposition 1B funding may be a more suitable funding source for this category (See Appendix A, Table 1-1).
- Marine Repower Projects:
  - Shore-side transformer costs at goods movement berths (i.e. berths involved in the movement of goods rather than passengers) in the South Coast, Bay Area, and San Diego air districts, as well as Port Hueneme, are not eligible for Carl Moyer Multidistrict Program in any fiscal year in which Proposition 1B funding is available for shore power projects. However, shore-side costs for goods movement vessel berths in these areas may be eligible for Carl Moyer Program funding on a case-by-case basis if it can be reasonably demonstrated that Proposition 1B funding is unavailable.
- Locomotive Projects
  - Three types of locomotive projects are eligible for Carl Moyer Program funding – an alternative technology switcher (or other cleaner-than-required new locomotive), an idle limiting device (ILD), or a U.S. EPA certified engine remanufacture kit or repower. Carl Moyer Program funding for California's larger, "Class 1" freight railroads for Carl Moyer Program funds is generally limited, however, due to the availability of Goods Movement Emission Reduction Bond Program (Prop 1B) funding, and the South Coast and Statewide Memorandums of Understanding with these railroads.

All projects must also comply with the 2008 Carl Moyer Program Guidelines, all the current Carl Moyer Program Advisories, and the specific requirements of this solicitation. **The 2008 Carl Moyer Program Guideline requirements are subject to change pending Board approval on March 27, 2008.**

The 2008 Carl Moyer Program Guidelines and a list of all the current Carl Moyer Program Advisories are available at:

<http://www.arb.ca.gov/msprog/moyer/moyer.htm>.

#### **IV. SURPLUS OFF-ROAD OPT-IN FOR NO<sub>x</sub> (SOON) AND CARL MOYER PROGRAM INTERACTION**

The In-Use Off-Road Diesel Regulation includes the Surplus Off-road Opt-in for NO<sub>x</sub> (SOON) program to reduce NO<sub>x</sub> emissions beyond what is required by law. Local air districts may opt into the SOON program to reduce NO<sub>x</sub> emissions beyond what is required by the regulation. Larger fleets that operate vehicles in districts participating in the SOON program will be required to apply for incentive money, and if they receive the money they must take additional actions to reduce NO<sub>x</sub> emissions. A fleet must participate in the SOON program if the following criteria are met:

- Statewide the fleet has greater than 20,000 hp;
- As of January 1, 2008, the fleet consists of more than 40 percent Tier 0 and Tier 1 vehicles and;
- At least one vehicle operates a majority of the time in a participating district.

SOON-eligible projects may apply for the 2008 Multidistrict Solicitation and will be awarded additional points (see Scoring Criteria, pg. 7)

#### **V. AVAILABLE FUNDING**

ARB has earmarked up to \$8,640,000 for multidistrict projects and administrative funds. These funds specifically target projects of the types listed above that qualify for the Carl Moyer Program and impact air quality in at least two air districts. The available multidistrict funds are to be allocated as follows. Fifty percent (50%) of the funds (\$4,320,000) will be used to fund multidistrict projects that impact areas disproportionately affected by air pollution, i.e., environmental justice areas. The remaining \$4,320,000 will be used for all other eligible multidistrict projects as described in this solicitation. ARB reserves the right to reallocate funding among categories if sufficient qualifying proposals are not received in any category. In addition, depending on funding availability, the actual amount of funds that is set aside for each project category may be increased.

#### **VI. DEFINITIONS**

The following definitions apply to the terms used to describe the requirements for the 2008 Carl Moyer Program Multidistrict Project Solicitation:

1. Air district – Air pollution control district or air quality management district. A complete map of California's air basins and their corresponding air districts can be found at:  
<http://www.arb.ca.gov/ei/maps/statemap/abmap.htm>
2. Applicant – Local air pollution control districts or air quality management districts and private entities that apply directly or through an air district.

Private applicants must own and control the equipment for which the grant is being requested. The private applicant may be an individual, a partnership, a corporation, a cooperative, or any other legal entity that is directly responsible for equipment purchase and operation. Anyone who owns 20 percent or more of the applicant business is considered to be an applicant principal. All applicant principals must provide financial disclosure. The private applicant must designate a main contact person for the proposal. The main contact person must have the legal authority to submit progress reports and sign legal documentation on behalf of all the applicant principals. The private applicant must be authorized to do business in the State of California and be in good tax standing with the California Franchise Tax Board. No third party applications will be accepted.

3. Cost-effectiveness – The cost of reducing a weighted ton of emissions. A weighted ton consists of NOx plus ROG plus twenty times combustion PM.
4. Incremental cost – The difference in cost between the reduced emission engine or technology and the baseline engine or technology.
5. Multidistrict project – A project involving vehicle/equipment that operates in more than one air district. An air district database look up page can be found on the following webpage:  
<http://www.arb.ca.gov/app/dislookup/dislookup.php>
6. Primary air district – Air district containing applicant's headquarters, main operating station, or depot, or the air district in which the vehicle or engine operates the largest portion of time.
7. Qualifying project – Vehicles or equipment meeting the requirements of all the applicable criteria specified in the 2008 Carl Moyer Program Guidelines, all current Carl Moyer Program Advisories, and this solicitation.
8. Small Business – For the purpose of this multidistrict solicitation, a small business is defined, pursuant to Government Code Section 14837, as an independently owned and operated business, which is not dominant in its field of operation, the principal office of which is located in California, the officers of which are domiciled in California, and which, together with affiliates, has 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or is a manufacturer with 100 or fewer employees.
9. Verification Procedure, Warranty and In-Use Compliance Requirements for In-Use Strategies to Control Emissions from Diesel Engines (Verification Procedure – The ARB regulatory procedure codified in Title 13, CCR, Sections 2700-2710, which is incorporated herein by reference, that engine manufacturers, sellers, owners, or operators may use to verify the reductions of diesel PM or NOx from in-use diesel engines using a particular emission control strategy.

10. Verified Diesel Emission Control Strategy – An emission control strategy, designed primarily for the reduction of diesel PM emissions, which has been verified pursuant to the Verification Procedure.

## VII. APPLICATION REQUIREMENTS

Projects must meet the specific requirements stated in this solicitation, all applicable criteria in the 2008 Carl Moyer Program Guidelines, and all current Carl Moyer Program Advisories. Applicants must meet these criteria and fully complete project applications (found in Appendices A through F) including the Project Implementation Plan (Appendix G) to be considered for project funding. Incomplete applications or proposals not meeting the minimum requirements may not receive consideration.

ARB staff may request additional information during the application review process, if needed. Additional copies of this application form are available at: <http://www.arb.ca.gov/msprog/moyer/multidistrict.htm>

## VIII. APPLICATION PROCESS

Applications will be screened to determine that: (1) the application is complete; (2) the projects are multidistrict as defined above; (3) the cost-effectiveness will be no more than \$16,000 per weighted ton of NO<sub>x</sub> plus ROG plus twenty times combustion PM reduced; (4) the technology is commercially available and is certified or verified where applicable; and (5) the emission reductions are real, surplus, quantifiable and enforceable. Locomotive projects will be required to install electronic monitoring unit(s) (EMU). The cost of the EMU is an eligible expense for Carl Moyer Program funding and may be added to the incremental cost difference when calculating the cost-effectiveness. Other projects may also be required to install an EMU.

Applications must be complete and accurate. Omissions, inaccuracies or misstatements may be cause for rejection of a proposal. Costs incurred for developing proposals and in anticipation of award are entirely the responsibility of the applicant and shall not be charged to the State of California.

One original plus two copies of the application packet must be signed by the applicant(s) and must be received by ARB **no later than 5:00 April 11, 2008**. Please note that postmark dates will not suffice to meet the stated deadline. Late applications will **not** be accepted. Applications that are not signed by the applicant or that are sent via facsimile or email will **not** be accepted. ARB will accept stapled applications packets only. Any application packets submitted in binders or any other binding material will be returned to the applicant. Applications can be mailed or hand delivered to the following address:



U.S. Postal Service Deliveries

Ms. Grace Garcia  
Air Resources Board  
Mobile Source Control Division  
P.O. Box 2815  
Sacramento, CA 95812

Hand Deliveries or other delivery service (FedEx, DHL, etc.)

Ms. Grace Garcia  
Air Resources Board  
Mobile Source Control Division  
1001 I Street, 7<sup>th</sup> floor  
Sacramento, CA 95814

**A. Project Evaluations and Scoring Guidelines**

The ARB will conduct an evaluation of each qualifying project based on the evaluation criteria described below. ARB, or its designee, reserves the right to inspect any project prior to selection. The maximum score is 100 points. Qualifying projects with the highest overall scores will be eligible for funding. Funds will be distributed in the following order:

1. ARB will work with local air districts to evaluate how projects impact areas disproportionately affected by air pollution. Projects that are designated as environmental justice projects will be separated from all other projects. These projects will be scored according to the scoring criteria, and \$4,320,000 will fund the highest ranking projects in this project pool.
2. The remaining multidistrict projects not evaluated as environmental justice projects will be ranked according to the scoring criteria and \$4,320,000 will go to fund the highest ranking projects in this pool.

Applicants must disclose if they have already applied for Carl Moyer Program funds or other grant funds, including tax credits or deductions, grants, or any other public financial assistance given for the vehicles, equipment or engines listed in this application. ARB staff will coordinate with the local air district to ensure that the same vehicle or equipment is not funded through the Carl Moyer Program and through this solicitation. The applicant must reduce the incremental cost of the project by the amount of any current financial incentive received. If the proposed project received funds from this multidistrict solicitation, all of the emissions reductions resulted from implementing the proposed project would be claimed by the Carl Moyer Program, regardless of any other funding sources for the project. Any applicant failing to report additional funding for this project may be banned from future participation in the Carl Moyer Program and be subject to criminal sanctions.

The owner of the engine must sign and agree to the application. A third party (e.g., an engine dealer or distributor) may complete an application or part of an application on behalf of the owner. In this case, the third party

must disclose their participation, as well as any payment received for their service.

If the application is incomplete, the applicant will be notified as to what information is missing within **5 business days** of the closing date of the solicitation. The applicant will have **14 business days** to provide ARB the missing information. If the information is not provided within this timeframe, the application will not be evaluated.

The evaluation and scoring criteria are shown below. In the case of a tie, the project with the better cost-effectiveness will be funded first until funds are exhausted.

### **Multidistrict Scoring Criteria**

#### **(a) Cost-Effectiveness – (70 points maximum)**

Cost-effectiveness will be calculated based on reductions of NO<sub>x</sub>, ROG and twenty times combustion PM, as described in the Carl Moyer Program Guidelines. The following chart shows the point rating system:

<u>Cost-Effectiveness Range</u> <u>(\$ per weighted ton)</u>	<u>Points Awarded</u>
More than \$16,000	0 Points
\$12,800 - \$16,000	14 Points
\$9,600 - \$12,800	28 Points
\$6,400 - \$9,600	42 Points
\$3,200 - \$6,400	56 Points
Less than \$3,200	70 Points

#### **(b) Project Implementation Plan – (10 points maximum)**

- Some semblance of a timeline for project completion = 5 points
- Clear timeline for project completion = 10 points

#### **(c) Need for Multidistrict Funding – (5 points maximum)**

- Operating in two districts = 0 points
- Operating in three-or-more districts = 5 points

#### **(d) Small Business Projects – (5 points maximum)**

- Small business projects (as defined in this solicitation) = 5 points

#### **(e) SOON-Type Projects – (5 points maximum)**

- Fleet with more than 40% Tier 0 + Tier 1 = 5 points
- (f) Application Completeness – **(5 points maximum)**
  - Applications with just enough information to evaluate = 0 points
  - Complete applications = 5 points

## **IX. APPLICANT WORKSHOPS**

The first of two applicant workshop will be held Wednesday, March 5, 2008, from 10:00 a.m. to 4:00 p.m. in the Sierra Hearing Room at the Air Resources Board facility located at 1001 I Street, Sacramento, California. Applicants choosing to participate may do so in person or via webcast.

The second applicant workshop will be held in Southern California. Information for this workshop is to be announced on our webpage at:

<http://www.arb.ca.gov/msprog/moyer/moyer.htm>

The intent of the workshop is to provide potential project applicants with an opportunity to ask clarifying questions regarding general project requirements and specific technology questions. Written questions submitted before the workshop will be given priority. Questions may be e-mailed to Ms. Grace Garcia at [ggarcia@arb.ca.gov](mailto:ggarcia@arb.ca.gov), or faxed to Ms. Garcia at (916) 322-3923. The questions and answers will be posted and updated regularly on the ARB website. Questions asked after the workshop will be answered and posted on the internet on a staff availability basis. Any verbal communication with an ARB employee concerning this solicitation is not binding on the State and shall in no way alter a specification, term or condition of the solicitation.

## **X. MONITORING AND REPORTING REQUIREMENTS**

- Grant awardees must maintain data for the life of the project (at least 3 years).
- Grant awardees must submit annual reports to the managing air district during the project term. The report shall contain all information required by the managing air district including appropriate documentation, such as fuel receipts or hour meter readings, confirming usage during the project life, and any required maintenance service, as applicable. Annual proof of insurance is also required. Grant awardees must inform the managing air district, in writing, of any change of ownership or disruption in project operation which could impact usage.
- Grant awardees must provide the above information in the required reporting format. ARB reserves the right to inspect all funded projects with 48-hour notice for the duration of the contract.

## **XI. DISBURSEMENT OF FUNDS**

Final project selection will be completed by **June 6, 2008**, and successful applicants will be notified immediately. All projects will be administered by the primary air district. Project awards will be made through a grant agreement between the ARB and the air district. Once the grant award process has been fully executed, payment will be made through a grant disbursement to the air districts. Project applicants must then enter into a formal agreement with the local air district. The Grantee must complete the project by **June 30, 2010**.

## **XII. CONTACT INFORMATION**

Please contact Ms. Grace Garcia for questions relating only to the administration and processing of this solicitation. All other questions will be addressed at the applicant workshop. Ms. Garcia may be reached at:

Ms. Grace Garcia  
Mobile Source Control Division  
Air Resources Board  
P.O. Box 2815  
Sacramento, CA 95812  
Phone: (916) 323-2781  
Fax: (916) 322-3923  
E-mail: [ggarcia@arb.ca.gov](mailto:ggarcia@arb.ca.gov)